The Manitoba Energy Authority is a Manitoba Crown Corporation responsible for ensuring the long-term energy security of the Province, negotiating the export and import of electrical energy from and into the Province, and the promotion and development of energy intensive industries in Manitoba.

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The Honourable George Johnson, Lieutenant Governor of the Province of Manitoba

May it please your Honour:

I have the honour of presenting you the Annual Report of the Manitoba Energy Authority for the fiscal year ending March 31, 1987.

Respectfully,

Jerry Storie
Minister

THE MINISTER'S MESSAGE

Manitoba's greatest natural asset is our province's vast hydro-electric resource. With 11,400 megawatts of developed and identified hydro-electric potential, Manitobans are assured of a domestic source of relatively low-cost, reliable, safe and renewable energy for decades to come. As a result, we continue to enjoy the lowest electrical rate structure in North America.

Manitoba's hydro-electricity offers substantial cost advantages over other forms of generation. This means that our electric power can be marketed profitably to utilities outside the province in both Canada and the United States. Our long-term export sales will bring additional benefits to Manitobans through stable electrical rates and the investment of profits in economic and social development initiatives.

Electric rates, along with our other economic advantages, make Manitoba an attractive industrial location, particularly for industries which rely significantly on electricity in processing. The establishment of such developments in Manitoba helps to create more jobs and greater long-term economic growth.

The Manitoba Energy Authority plays an important part in maximizing the benefits Manitobans receive from our hydro-electricity. The Authority co-ordinates all government policy related to the construction of the Limestone Generating Station, where unprecedented levels of Manitoba business and labour participation are taking place. In conjunction with Manitoba Hydro, the Manitoba Energy Authority conducts hydro-electric export power negotiations with utilities outside the province.

Finally, in this past year the Authority has put an increasing emphasis on encouraging investment by energy intensive industries in the province.

Within its mandate and responsibility, the Manitoba Energy Authority can be proud of the accomplishments achieved over the past year.

Jerry Storie
Minister of Energy and Mines

CHAIRPERSON AND CHIEF EXECUTIVE OFFICER'S MESSAGE

The past year has been a productive and busy one for the Manitoba Energy Authority. In the area of power exports, negotiations proceeded with both Canadian and United States utilities on a variety of possible arrangements, including seasonal and firm sales as well as seasonal diversity exchanges. Manitoba's economic hydro power offers benefits that have been recognized by utilities interconnected with us, all of whom rely significantly on more expensive alternative forms of generation.

It is important to note that any additional long-term firm electricity sales negotiated beyond our 500 megawatt sale to Northern States Power, signed in 1984, would require the construction of generating facilities beyond the Limestone Station now under construction. Manitoba has no current long-term electricity capacity available from Limestone for export, as most of the facility's output will be required to meet Manitoba's own needs in the early and middle 1990s.

The co-ordination of government policy related to the construction of the Limestone Generating Station continued to be one of the Manitoba Energy Authority's principal responsibilities over the past year. Greater numbers of Manitoba businesses are being awarded contracts and subcontracts on the Limestone project than on any previous hydro development in the province's history, resulting in a 90% Manitoba content. The comprehensive training program, initiated to help northern residents become employed at Limestone, is opening up unprecedented hydro-related employment opportunities for northerners. Overall, through the co-operation of Manitoba Hydro, contractors and trade unions, Manitobans make up a higher proportion of Limestone's workforce than on any previous hydro project.

We are pleased that all of the policies initiated to enhance local participation at Limestone have not been done at the expense of either price or quality. Cost estimates for Limestone have declined by more than 40%, from $3.0 billion to the current Manitoba Hydro estimate of $1.73 billion.

During the 1986 session, the Manitoba Legislature passed amendments to the Manitoba Energy Authority Act which enhance the Authority's specific responsibility in the area of encouraging energy-dependent industries to locate operations in this province. As a result, the MEA has placed an increasing emphasis on this activity and, to date, is pleased with the response we have received from companies examining the possibility of locating in the province.

The Manitoba Energy Authority is indebted to the staff of Manitoba Hydro, as well as the government departments of Energy and Mines and Industry, Trade and Technology, for their co-operation and assistance in our work. The Authority looks forward to the coming year offering new opportunities for using Manitoba's hydro-electric resources to achieve benefits for the people of this province.

M. Eliesen

Marc Eliesen
Chairperson and Chief Executive Officer

CORPORATE PROFILE

The Manitoba Legislature established the Manitoba Energy Authority through the Manitoba Energy Authority Act, assented to on July 29, 1980. The Act assigns to the Authority responsibility for energy allocation and electrical energy marketing. The Board of Directors of the Manitoba Energy Authority has duly handled these responsibilities during the fiscal year ending March 31, 1987.

This mandate makes the Manitoba Energy Authority responsible for formulating and implementing policies that ensure the long-term energy security of Manitobans. The Act designates the Manitoba Energy Authority as the agency responsible for investigating potential extra-provincial markets for hydro-electric energy for the Province. Amendments to the Manitoba Energy Authority Act, assented to in September 1986 by the Manitoba Legislature, accord the Authority responsibility for encouraging the development of energy intensive industries in the province. In addition, the Manitoba Energy Authority undertakes related duties as directed by the Minister of Energy and Mines or the Lieutenant Governor-in-Council.

INTEGRATED SYSTEM - MANITOBA HYDRO & WINNIPEG HYDRO
For the year ending March 31, 1987.

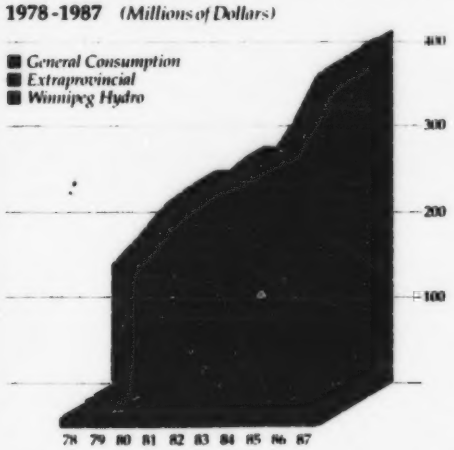
Winter Capacity (000kw)	4,088
Manitoba Firm Peak Demand (000kw)	3,011
Total Generated and Purchased (000 000kWh)	24,180
Firm Energy Supplied for Manitoba (000 000kWh)	15,498
Exports Total (000 000kWh)	7,831
Ontario ...817, *Saskatchewan*...10, *United States*...7,004	

REVENUE FROM THE SALE OF POWER

1987

Extraprovincial	$113,489,000,000
Winnipeg Hydro	$ 35,415,000,000
Bulk	---------
General Consumption	$413,856,000,000

1978 - 1987 *(Millions of Dollars)*



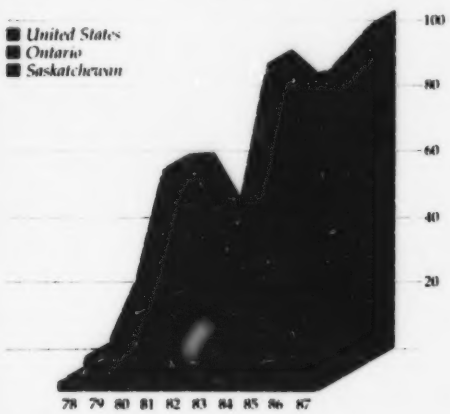
For the years ending March 31, 19

REVENUE FROM EXTRAPROVINCIAL SALES

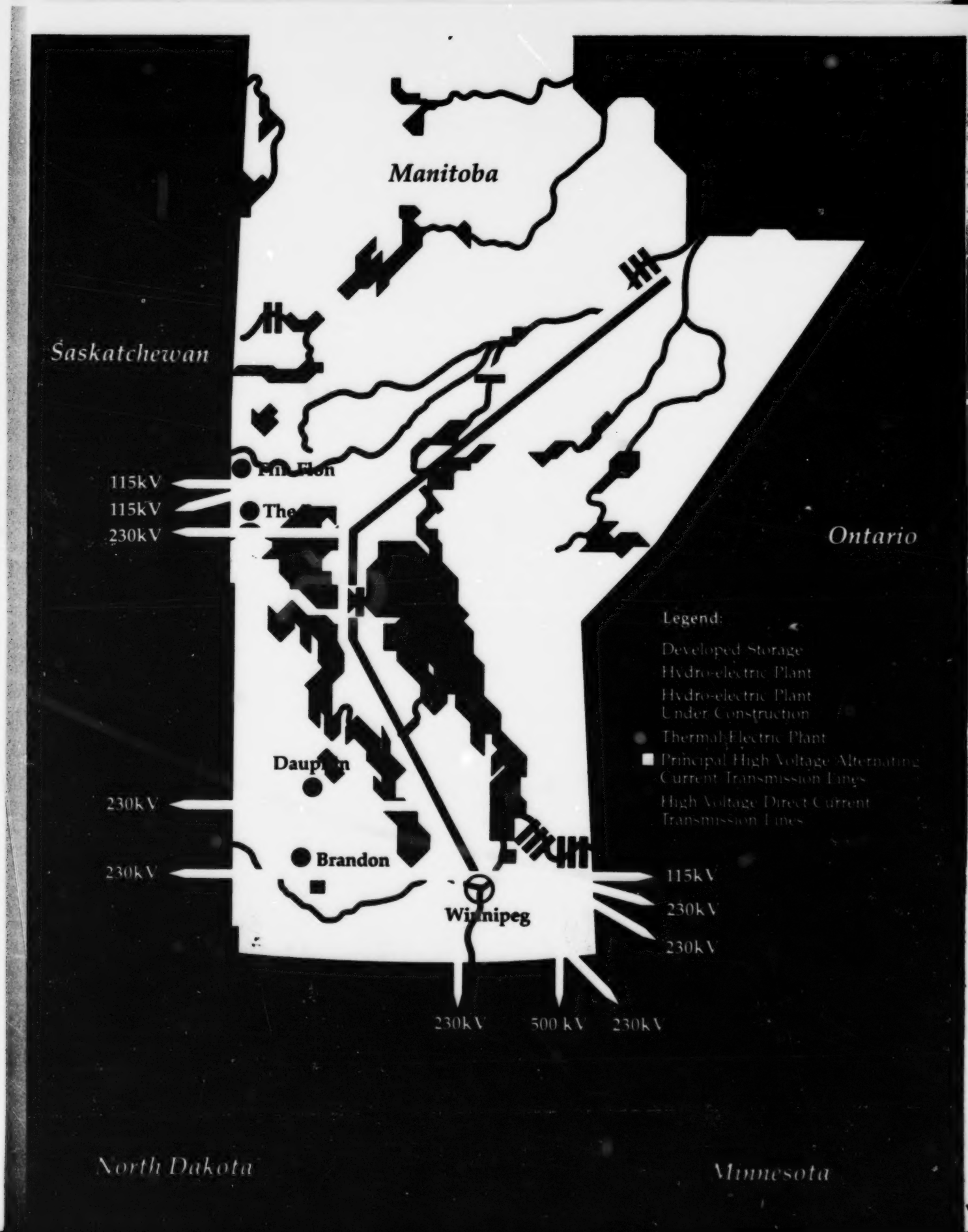
1987

Saskatchewan	$255,264
Ontario	$9,334,511
United States	$103,899,254

1978 - 1987 *(Millions of Dollars)*



For the years ending March 31, 19


Manitoba
Saskatchewan
Ontario
North Dakota
Minnesota
115kV
115kV
230kV
230kV
230kV
115kV
230kV
230kV
230kV
500 kV
230kV
Brandon
Winnipeg
Legend:
Developed Storage
Hydro-electric Plant
Hydro-electric Plant Under Construction
Thermal-Electric Plant
Principal High Voltage Alternating Current Transmission Lines
High Voltage Direct Current Transmission Lines

CURRENT EXPORT AGREEMENTS

UTILITY	TYPE	DURATION	AMOUNT	TERMS
Northern States Power	Interruptible	1980-1992	19 500 000 MWh	Greater of cost plus 10% or shared cost savings formula.
Northern States Power	Firm Power Sale	1984-1992 (summer)	200 MW at 20% monthly Capacity Factor	Rates negotiated 3 years prior to delivery.
Northern States Power	Firm Power Sale	1993-1996 (summer)	200 MW at 20% monthly Capacity Factor	Negotiated formula.
Northern States Power	Diversity Exchange	1980-1992	300 MW at 20%	No charge for capacity. Energy at greater of MAPP* peaking power rate at time of delivery or supplier's cost plus 10%.
Northern States Power	Firm Power Sale	1993-2005	500 MW at 75% annual Capacity Factor	Capacity Charge at 80% of NSP's Sherco Thermal plant. Energy charge at 80% of Sherco's variable costs.
Minnesota Power & Light	Interruptible	1976-1986	2 000 000 MWh	Price based on shared cost savings formula.
Minnesota Power & Light	Diversity Exchange	1987 (summer)	50 MW Minimum 20%, maximum 50% Capacity Factor	Negotiated formula.
		1989-1990 (winter)	50 MW 50% maximum Capacity Factor	
Minnkota	Interruptible	Ongoing	As available	Negotiated formula based on MAPP* rates.
Otter Tail Power	Interruptible	Ongoing	As available	Negotiated formula based on MAPP* rates.
United Power Association	Interruptible	Ongoing	As available	Negotiated formula based on MAPP* rates.
Saskatchewan Power Corporation	Interruptible	Ongoing	As available	
Ontario Hydro	Interruptible	Ongoing	As available	

* Mid-Continental Area Power Pool

Manitoba Hydro's Load Dispatch Office in Winnipeg continuously monitors available power and power flows on each of the utility's interconnections, dispatching available power as required.

ACTIVITIES OF THE MANITOBA ENERGY AUTHORITY

POWER EXPORT NEGOTIATIONS

In 1984, Manitoba signed a contract with Northern States Power of Minneapolis to export 500 megawatts of firm power to the American utility from 1993-2005. This was the first long-term firm power sale ever negotiated in Manitoba's history.

During 1986-87, the Authority pursued electric power export negotiations with utilities in Canada and the United States.

Generally, demand for Manitoba's hydro-electricity from adjacent provinces and American states remains strong. The relative advantages of renewable, secure hydro-electricity, with its relatively low variable charges, will continue well into the future.

In February 1986, three export arrangements were signed and announced. The first was with the Upper Mississippi Power Group, a group of six American utilities, for 550 megawatts of firm power over 16 years, starting in 1996.

The next was a two-part 500 megawatt diversity exchange, taking place over 20 years, starting in 1996; 200 megawatts of this exchange would be with Northern States Power and the remaining 300 megawatts would be with the six utilities of the Upper Mississippi Power Group.

The third arrangement was a four-year, 200 megawatt summer sale to Northern States Power, starting in 1993.

Of the three export arrangements, the final contract formalizing the 200 megawatt summer sale has been signed. An application for an export licence related to this sale was filed by Manitoba Hydro with the National Energy Board of Canada.

Final contracts on the other two export arrangements have not yet been completed. Difficulties with Upper Mississippi Power Group utilities centre around the allocation of transmission costs among the American utilities for new transmission in the United States. Further discussions are now taking place with the utilities associated with the Upper Mississippi Power Group to resolve some of these difficulties, in order that the final contracts can be executed. Both Manitoba and the US utilities

During 1986-87, the Manitoba Energy Authority pursued power export negotiations with utilities in Canada and the United States.

believe that there are long-term economic benefits associated with the construction of a new interconnection and an associated long-term power sale and diversity exchange.

Discussions with a number of Canadian and American utilities regarding long-term export sales from Manitoba have continued. Negotiations with Ontario Hydro have proceeded on a sale which would likely begin at 200 MW and could rise to 400 MW or 1,000 MW, starting up in the late 1990s.

In February 1987, a contract was signed with Minnesota Power and Light Company of Duluth, Minnesota for a 50 megawatt diversity exchange. From May to October this year, Manitoba is selling energy to Minnesota Power and Light over existing transmission facilities. As part of the arrangement, Manitoba has an option of receiving 50 megawatts from Minnesota Power and Light during the winter of 1989-90. Under average waterflow conditions, Manitoba Hydro would not require any of this energy during that winter. This contract has received the approval of the National Energy Board.

Finally, Manitoba and Minnesota Power and Light have initiated discussions on a multi-year firm power sale of 50 to 100 megawatts from Manitoba commencing in the 1990s.

LIMESTONE PLANNING AND CO-ORDINATION

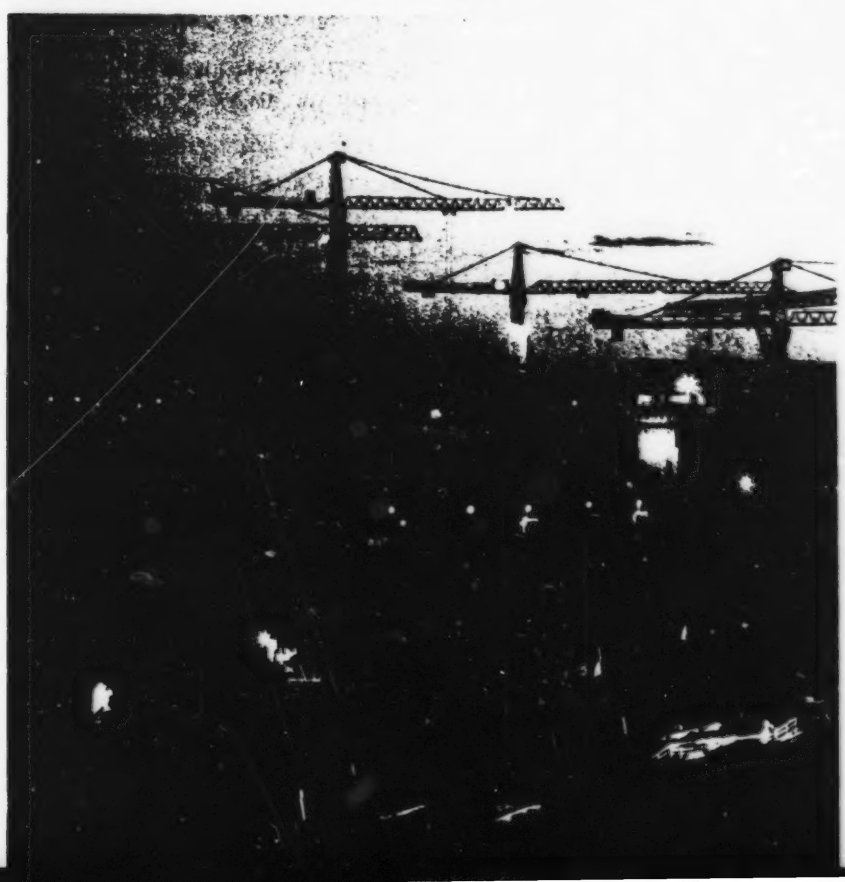
The co-ordination of public policy related to the construction of the Limestone Generating Station remains a major part of the Manitoba Energy Authority's responsibilities.

Purchasing and Tendering

By the close of the 1986 construction season over 80% of the value of all contracts associated with the construction of Limestone had been awarded. To date, the project has maintained a record 90% Manitoba content, including the benefits offered in the industrial benefits agreement associated with the purchase of turbines and generators. This compares favourably to the 50%-55% Manitoba content on the Long Spruce Generating Station, the last facility built by Manitoba Hydro.

The local content emphasis on Limestone has shown that, if historical, institutional, non-economic barriers are broken down, Manitoba companies can compete successfully with other firms in Canada and elsewhere in the world.

The Manitoba Energy Authority co-ordinates public policy related to the construction of the Limestone Generating Station.



Industrial Benefits

In the last year, progress has been made in implementing Manitoba's industrial benefits agreement with General Electric Canada related to the purchase of turbines and generators for Limestone.

1 Research grants of $100,000 each have been allocated to the High Voltage Direct Current Research Centre and the Manitoba Microelectronics Centre.

2 Steps have been taken toward meeting GE Canada's commitment to place a minimum of 15% of the turbine and generator work in Manitoba, with a target of 25% provincial content. In February of this year, the company placed a $1.8 million contract with Acme Welding and Supply of Winnipeg for the supply of fabricated steel products. Negotiations are ongoing with a number of other Manitoba firms related to Limestone turbine and generator components. GE Canada has assured the Authority that the 15% minimum Manitoba content will be achieved and is optimistic this can be increased. Most of the contracts associated with the turbines and generators will be placed in 1987 and 1988.

GE Canada has made a commitment to place a minimum of 15 per cent of the turbine and generator work in Manitoba, with a target of 25 per cent provincial content.

Industrial Benefits (continued)

3 A number of northern Native business projects are also being supported by General Electric Canada. The company is providing a low-interest loan as well as management assistance to a new commercial laundry and laundromat in Gillam established by the Fox Lake Band. Fly-in fishing camps at Big Sand Lake and Knee Lake near Oxford House will receive financial assistance. The Grand Rapids store will undertake a major expansion, in part as the result of a loan from GE Canada, while a rock-crushing plant at Berens River will be established with GE Canada's financial assistance. A number of other business proposals from northern Native companies are currently under consideration by GE Canada and Manitoba.

4 Discussions continue on major direct Manitoba investment obligations by GE Canada as part of the overall industrial offsets agreement.

A number of northern Native business projects are being supported by General Electric Canada, such as fly-in fishing camps at Big Sand Lake and Knee Lake.

Manitoba's Limestone training program for northern Manitobans has become a model for resource development projects throughout North America.

Training and Employment

Manitoba's training program, established to increase the employment participation of northern residents at Limestone, has become a model for resource development projects throughout the continent. By the end of March 1987, more than 1,500 Northerners had gone through training at the Limestone Training and Employment Agency's (LTEA) simulated training sites near Thompson and at Lynn Lake, at the community level, and at various educational institutions in the province. These women and men are being prepared for both construction work on the Limestone project and permanent jobs in the hydro-electric field.

A recent post-graduation survey indicates that 74% of LTEA graduates have found employment after completing their training.

ENERGY INTENSIVE INDUSTRIES

In September 1986, the Manitoba Legislature approved amendments to the Manitoba Energy Authority Act, assigning the Authority specific responsibility for encouraging the location of energy intensive industries in the province. When searching out industries appropriate for development in Manitoba, the Authority has a number of objectives. These goals include increasing the overall value derived from provincial hydro and mineral resources, creating jobs and economic growth, and developing industries here which serve to complement one another.

Manitoba's electrical resources offer a number of important advantages that make locating in the province attractive to industries dependent on electrical power. The province has the most economic electrical power rates in North America, with published rates of 16.5 mills/kWh US or 22 mills/kWh Canadian for large industrial consumers. Manitoba's northern rivers and well developed hydro generating system guarantee a supply of reliable, renewable energy at low costs compared to other areas in Canada or the United States. With two-thirds of our hydro resources as yet undeveloped, security of supply and price can be offered to large industrial consumers of electricity over the long term.

The Manitoba Energy Authority has undertaken market analyses of many of the minerals found in Manitoba whose further processing and development rely significantly on electrical power. Several are forecast to have strong medium and long-term potential. These include the development of Manitoba's silica sand, dolomite, chromite, spodumene, tantalite, pollucite and high-purity limestone deposits. The province is also a proven economically favourable location for an aluminum smelter. The Authority has met with corporate representatives from Europe, Asia and other parts of North America to examine potential developments in these areas. A number of companies have expressed interest in locating operations in Manitoba, and discussion on such developments is ongoing.

(facing page)

The Manitoba Energy Authority is responsible for encouraging energy intensive industries to locate in Manitoba.

THE MANITOBA ENERGY FOUNDATION

During the 1986 session, the Manitoba Legislature passed legislation establishing the Manitoba Energy Foundation. The Foundation will be financed with 50% of the net revenues from designated long-term electricity export sales. The remaining 50% of net revenues will be allocated to Manitoba Hydro. The Foundation will be used to provide investment capital, loans or loan guarantees for projects which promote economic and social development in Manitoba.

The legislation also ensures that Manitoba Hydro will recover generating and transmission costs incurred in making the export sales, and that the Manitoba Energy Authority and Manitoba Hydro will receive an amount equal to the expenses they incur in negotiation of these agreements.

The Manitoba Energy Foundation will provide investment capital, loans, or loan guarantees for projects which promote economic and social development in Manitoba.

FINANCIAL STATEMENTS

AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF
THE MANITOBA ENERGY AUTHORITY

We have examined the balance sheets of THE MANITOBA ENERGY AUTHORITY (a Manitoba corporation) as at March 31, 1987 and 1986 and the related statements of operations for the years then ended. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at March 31, 1987 and 1986 and the results of its operations and the changes in its financial position for the years then ended in accordance with the basis of accounting described in note 2 a) applied on a consistent basis.

Arthur Andersen & Co.
Winnipeg, Manitoba

July 31, 1987

BALANCE SHEETS

as at March 31, 1987 and 1986

	1987	1986
Assets		
Current		
Cash in bank and in trust with the Minister of Finance	$ 42,124	$ 20,206
Accounts receivable	3,132	
Appropriation receivable	69,108	45,794
Prepaid expenses and other assets	2,753	2,048
	$ 117,117	$ 68,048
Fixed, at cost		
Leasehold improvements	$ 3,949	$ 69,143
Furniture, furnishings and office equipment	68,643	54,707
Word processing and computer equipment/software	67,643	47,932
	$ 140,235	$ 171,782
Less accumulated depreciation and amortization	55,997	78,579
	$ 84,238	$ 93,203
Other, at cost	$ 4,124	
	$ 205,479	**$ 161,251**
Liabilities and Revenue Deficiency		
Current		
Accounts payable and accrued liabilities	$ 98,369	$ 156,461
Accrued interest payable	69,108	45,794
	$ 167,477	$ 202,255
Long-Term		
Advances due to the Province (Note 1)	$ 3,125,000	$ 1,675,000
Deferred revenue	25,108	
Total Liabilities	$ 3,317,585	$ 1,877,255
Commitments (Notes 3 and 4)		
Accumulated revenue deficiency	($3,112,106)	($1,716,004)
	$ 205,479	**$ 161,251**

The accompanying notes are an integral part of these balance sheets.

STATEMENTS OF OPERATIONS

for the years ended March 31, 1987 and 1986

Revenue	**1987**	**1986**
Department of Energy and Mines appropriation	$ 235,166	$ 125,343
Miscellaneous receipts		1,123
	$ 235,166	$ 126,466
Expenses		
Operating expenses (Note 5)		
Personnel services	$ 481,863	$ 480,008
Travel	88,025	63,425
Communications	81,255	131,338
Rentals	63,014	59,473
Professional services	591,882	365,262
Interest expense	235,248	125,343
Other operating	43,420	40,106
	$ 1,584,707	$ 1,264,955
Depreciation and amortization	46,561	39,954
	$ 1,631,268	$ 1,304,909
Net revenue deficiency for the year	($1,396,102)	($1,178,443)
Revenue deficiency, beginning of year	(1,716,004)	(537,561)
Revenue deficiency, end of year	**($3,112,106)**	**($1,716,004)**

The accompanying notes are an integral part of these statements.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended March 31, 1987 and 1986

1 Authority and Mandate

The Manitoba Energy Authority is incorporated under a specific Statute in the Province of Manitoba, being "The Manitoba Energy Authority Act" (assented to July 29, 1980), Chapter E112 of the Statutes of Manitoba, 1980, with amendments pursuant to Section 5 of An Act to amend The Manitoba Energy Authority Act, Chapter 34 of the Statutes of Manitoba, 1986-87.

The Authority is responsible for developing and implementing policies to ensure the long-term stability and availability of electrical energy supply to Manitobans. The Authority is also responsible, through its Electrical Energy Marketing Committee, for negotiating export sales of electrical energy with other provincial utilities and with utilities in the United States. The Authority is further responsible for promoting the establishment, development and operation of energy intensive industries within the province.

The Authority is additionally responsible for co-ordinating all departmental and Manitoba Hydro activities related to industrial and employment benefits associated with the Limestone Generating Station Project.

The Manitoba Jobs Fund provides funding for all Limestone-related expenditures except for consulting contracts entered into regarding Limestone Project financing.

The Limestone Training and Employment Agency (LTEA) was established with the approval of the Board of Directors of The Manitoba Energy Authority, under Ministerial direction, pursuant to Section 4 of The Manitoba Energy Authority Act, March 25, 1985. Legal advice at the time indicated the Authority would have no responsibility or authority over the operations or administration of the Agency, and would therefore not be accountable for any part of the Agency's operations.

Recent legal advice has indicated that the Authority still retains ultimate legal liability and responsibility for the activities of the LTEA in its present form. As it was not intended that the Authority be accountable for any part of the Agency's operations, the Board has adopted revised instructions from the Minister regarding the establishment of the LTEA and has authorized the incorporation of the LTEA as a wholly owned subsidiary. Subsequent to March 31, 1987 the Agency was incorporated as a wholly owned subsidiary of The Manitoba Energy Authority under Section 9 of the The Manitoba Energy Authority Act.

Consistent with Ministerial intent to ensure that the Authority exercises no control over the LTEA's assets or operations, the Authority does not and will not include the reporting of the Limestone Training and Employment Agency's financial activities in its financial statements. The LTEA will publish its own financial statements incorporating the disbursements of the Departments of Education, Employment Services and Economic Security,

and Labour for Limestone-related training, as well as its own direct expenditures.

The Legislature has authorized the borrowing and spending of monies for the operations of The Manitoba Energy Authority as follows:

a)	Legislative Authority	The Loan Act, 1984
b)	Authorization	$5,000,000
c)	Unexpended balance as at March 31, 1987	$1,875,000

Advances of $1,450,000 and $1,075,000 for the years ended March 31, 1987 and 1986 bear interest at the prevailing bank prime rate and accrued interest is paid quarterly from an appropriation of the Department of Energy and Mines. Advances are repayable at any time in whole or in part at the option of the Lieutenant Governor-in-Council.

Commencing April 1, 1987, the Authority will pay interest charges on accumulated loan advances from its available loan authority.

2 Significant Accounting Policies

a) Basis of Reporting
These financial statements have been prepared in accordance with generally accepted accounting principles, except for the accounting for pension costs as set out in Note 2 b).

b) Pension Costs
Pursuant to subsection 29 of The Manitoba Energy Authority Act, the Lieutenant Governor-in-Council has directed that The Civil Service Superannuation Act apply to employees who were employed under The Civil Service Act immediately prior to becoming employed as officers or employees of The Manitoba Energy Authority, effective the date on which they become employed with The Manitoba Energy Authority. In accordance with the provision of The Manitoba Civil Service Superannuation Act, the Authority is required to contribute 50% of the pension disbursement made to retired employees. Such payments are to be charged to operations as incurred and provision is not made in the accounts to fund current or past service obligations to the Superannuation Fund. No such payments were made for the years ended March 31, 1987 and 1986. An actuarial evaluation, yet to be completed, will determine the unfunded liability which exists for the Authority's participating staff.

The Authority has also established a Money Purchase Pension Plan for those employees who do not contribute to the Civil Service Superannuation Fund. This Plan provides for full vesting after a qualifying period by the employees. Both the Authority and the employees contribute to the

Plan on the basis of the employees' regular salary.

c) Depreciation
Depreciable assets other than leasehold improvements are depreciated at the rate of 20% per year on the declining balance basis. Leasehold improvements are amortized on the straight-line method over the life of the lease, a period of three years.

3 Northern States Power Company (NSP) Contract

The Authority negotiated and is co-signer with The Manitoba Hydro-Electric Board in an agreement dated June 14, 1984 to supply 500 MW or 500,000 kilowatts of power to NSP for a 12-year period, May 1, 1993 to April 30, 2005, at an annual average capacity factor of 75%.

Under the terms of The Manitoba Energy Foundation Act, being Chapter 13 of the Statutes of Manitoba, 1986-87 (which may be referred to as Chapter E114 of the Continuing Consolidation of the Statutes of Manitoba), the Authority and Manitoba Hydro shall each be reimbursed an amount equal to the expense incurred by each in negotiating or directing the negotiation of any agreement respecting the long-term export sale of hydro-electric power. Such sales made on and after January 1, 1984 must be designated by an order of the Lieutenant Governor-in-Council as an agreement for the purpose of The Manitoba Energy Foundation Act.

The Authority and Manitoba Hydro will be reviewing each other's attributable costs to establish reimbursable charges.

4 Future Commitments

As at March 31, 1987, the Authority has future commitments related to its lease for premises (to January 31, 1992) and other leases and maintenance agreements totalling approximately $80,000 annually.

The Authority has entered into employment contracts with seven of its employees. These agreements terminate during the period September 30, 1987 through January 2, 1990 and entail an annual commitment of approximately $390,000. The Authority has also entered into consulting contracts which have a potential future obligation of approximately $210,000.

5 Related Party Transactions

The Province of Manitoba, through the Department of Energy and Mines, provides administrative services to the Authority without charge for such services. Management estimates the value of these services for the years ended March 31, 1987 and 1986 to be $9,000 and $12,000 respectively.

In addition, the Province of Manitoba absorbed employer taxes for the Authority's employees without charge to December 19, 1986. The value of such benefits for the years ended March 31, 1987 (to December 19, 1986 only) and 1986 is estimated to be $10,500 and $15,000 respectively.

MANITOBA ENERGY AUTHORITY

DIRECTORS

Marc Eliesen,
Chairperson and Chief Executive Officer
Manitoba Energy Authority

Saul Cherniack,
Vice-Chairperson and Director
Manitoba Hydro

Garry Beatty,
President and Chief Executive Officer
Manitoba Hydro

Charles Kang,
Deputy Minister
Department of Energy and Mines

John Arnason,
Former President and Chief Executive Officer
Manitoba Hydro

Joe Fraser,
Special Assistant to the Minister
Department of Energy and Mines

Management

Marc Eliesen,
Executive Director

Gordon MacLean,
Executive Officer, Energy Policy

Garry Hastings,
Executive Officer, Management Services
Secretary-Treasurer to the Board

Peter Ferris,
Executive Officer, Employment Services
Chairperson, Limestone Training and
Employment Agency

Leslie Turnbull,
Senior Policy Analyst

Mohamed Guemili,
Senior Economic Analyst

Henryk Mordarski,
Comptroller

Corporate Information

Head Office:
National Bank Building
12th Floor, 191 Lombard Avenue
Winnipeg, Manitoba R3B 0X1

Auditor:
Arthur Andersen & Co.
Winnipeg, Manitoba